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S E C R E T SECTION 01 OF 03 JAKARTA 000497

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SUBJECT: COUNTERTERRORISM -- INDONESIAN DEVELOPMENTS

REF: 08 JAKARTA 02317 AND PREVIOUS

Classified By: AMB Cameron R. Hume, reasons 1.4(b+d).

¶1. (C) SUMMARY: The Indonesian government is making progress in combating terrorism and 2008 marked the third year without a major terrorist attack. Police surveillance, raids and arrests reduced militants' ability to plan and carry out attacks. Legal institutions effectively prosecuted ringleaders. The execution of the "Bali Bombers" in November 2008 did not provoke reprisals or serious protests. The May 2008 removal of the Department's travel warning reflected the overall improved security situation in the country. The government moved to reinforce police-military cooperation and prison reform and continued to build law enforcement capacity. Terrorism finance remains a significant area of underperformance. END SUMMARY.

POLICE

¶2. (S) Indonesia experienced a third consecutive year without a major terrorist incident in 2008. Indonesia's success in effectively pursuing militants made this possible. Jemaah Islamiyah (JI) and other extremist organizations remained weakened by key arrests from previous years. "Team Bomb," the ad hoc police task-force for counter-terrorism, played the lead role in tracking JI and other militant groups. Detachment 88 (SD-88), the Indonesian National Police's official counter-terrorism response team, continued to ramp up its crisis response capacity with U.S. training and equipment.

¶3. (C) Although core JI cells in Central Java and Central Sulawesi were weakened, peripheral cells remained active. This was evident from the July 2008 arrest of Hasan (one name only), a Singaporean national JI-affiliated bomb-maker with Afghan experience, and a group of supporters in Palembang, South Sumatra. The Palembang operation resulted in the arrests of 10 suspects, who are currently on trial on terrorism charges. The Palembang case could mean that the focus of terrorist activity is moving to new, more peripheral cells.

¶4. (S) Team Bomb and SD-88 have complementary CT missions and targets. Team Bomb operations are purposefully compartmented from SD-88 and other police personnel due to security and counterintelligence issues, and this compartmentalization has contributed to Team Bomb's successes. There will be continued discussion within the Indonesian government about the relative roles of these two

task forces. Important factors in this discussion will be SD-88's professionalism and the reorganization of police resources. In the long term, the police should utilize its CT resources more efficiently, but in the short term, Team Bomb will continue to be the pre-eminent CT task force. DS/ATA and DOJ/ICITAP have begun to work on improving intelligence management capacity in the broader police force, including SD-88; this should remain a priority.

PROSECUTION

15. (U) The GOI successfully prosecuted arrested militants and handed down substantial sentences. The U.S.-supported Attorney General's Task Force on Terrorism and Transnational Crime was responsible for the high-profile prosecution of JI Emir Ustad Syaroni (aka Zarkasih) and senior JI operative Abu Dujana (aka Ainul Bahri) in April. Zarkasih held a major JI leadership position. Dujana, also an Afghanistan veteran and JI military leader, had been involved in several JI attacks. The two received 15 years in prison on the basis of the 2003 counter-terrorism law.

16. (U) In addition, the judges in the Dujana case declared JI a terrorist organization, laying the legal basis for the GOI to ban JI. So far the GOI has not taken that step. The Task Force also successfully prosecuted 12 other JI members in 2008, making a total of 43 JI prosecutions since the Task Force was formed in July 2006. The court sentenced five JI members to between seven and eight years of prison each for aiding and abetting Abu Dujana and Zarkasih. The court sentenced six other members of JI's "military wing" to eight

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to ten years each in prison.

17. (C) Key terrorist prisoners testified for the prosecution. In November, Abu Dujana testified on behalf of the prosecution in the terrorist trials of Dr. Agus Purwanto and Abu Husna. Although Zarkasih also testified at the same trial, prosecutors considered Abu Dujana's testimony particularly effective in undercutting defense arguments. Dr. Agus Purwanto was sentenced to eight years in prison, and Adurrahim bin Thotib (aka "Abu Husna") was sentenced to nine years in prison.

POLICE-MILITARY COOPERATION

18. (C) The government held unprecedented joint police-military counter-terrorist exercises on a national level late last year. In the wake of the Mumbai attacks, President Yudhoyono instructed military, police and intelligence agencies to strengthen their cooperation in combating terrorism. On December 21, the first ever joint police-military counter-terrorism drills show-cased the abilities of Indonesia's premier responders: SD-88, the police Mobile Brigades (BRIMOB), and the Army Special Forces (KOPASSUS) Unit 81. During the joint exercise, Indonesian police acknowledged the vital role KOPASSUS would play in a hostage situation. The DATT, who observed the exercise, assesses that the exercise confirmed only KOPASSUS can perform high-risk hostage rescue operations (see reftels).

19. (C) Following this exercise, the Coordinating Ministry for Legal, Political and Security Affairs recommended that the GOI formulate official guidelines and procedures to institutionalize such cooperation. This fills a major gap. Since the 2001 separation of the police from the military, both forces have lacked established guidelines as to how they would work together to combat terrorism. Mission roles and responsibilities must be delineated. U.S. training of these combined forces would assist this development, once we can move beyond restrictions on training of KOPASSUS. (Note: Unit 81 was created in 2001 specifically for CT missions.)

IMPROVING THE PRISONS

¶10. (C) The GOI began to address long-standing weaknesses in the prison system, where convicted terrorists have been able to maintain ties to their communities and to recruit new members for groups like JI. The Directorate of Corrections, with U.S. assistance, is developing a standard operating procedures (SOP) manual to aid prison staff in the handling of terrorist prisoners. Senior prisons officials expect the manual will also provide a basis for better cooperation between the police and the prisons. The SOP will be issued as an official regulation, ensuring that the guidelines are followed throughout the prison system. These initial steps are a good start toward tightening the country's permissive prison system, but more steps should follow.

¶11. (C) The government's de-radicalization program expanded to include terrorists in detention and in prison. The police de-radicalization project was designed to rehabilitate terrorist prisoners in detention for intelligence collection. This SD-88 program runs on an ad hoc basis and extends the de-radicalization approach throughout the penal process, including incarceration and release. The above-mentioned Directorate of Corrections' SOP can provide a formal basis for prison officials to help police sustain de-radicalization during imprisonment. In a trial program, police are also working with terrorist prisoners to facilitate their productive reintegration into their home communities. Mission is working with the GOI to monitor these and other "soft approaches" to terrorism.

OVERALL SECURITY PICTURE

¶12. (C) The overall security situation in Indonesia remains good. The Department's removal of its travel warning in May 2008 reflected this reality and reinforces the police's good performance. The November 2008 execution of the three "Bali I Bombers" had no noticeable impact on the security situation, largely as a result of Indonesia's increased security posture and overwhelming public disapproval of

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terrorism. Critics said the Bali Bombers received far too much media attention during the protracted appeals process.

TERRORISM FINANCE -- ASSET FREEZING

¶13. (C) Combating terrorism finance remains a major area of underperformance. In July 2008, the Asia Pacific Group on Money Laundering (FATF-APG) conducted a second Mutual Evaluation Review of Indonesia's efforts to combat money laundering and terrorist financing (see reftels). The review concluded that Indnei was not compliant with 15 of 49 FATF recommendations and special recommendations.

¶14. (C) Indonsi(a h`q o* ully implemented the United Nations Terrorism Finance Conventhon and has not implemented UNSCR 1267, 1373 and u bsequent resolutions. While the GOI acknowledgss its obligations under the UN process, it has notQ made freezing and confiscating terrorist assets priority. In addition to low institutional capacity to carry out those obligations, there are sigi(ficant GOI policy reservations about prioritizigg UN 1267 implementation. That said, it is unlie ly that significant terrorist assets exist in Iddonesia's formal banking sector, as there are other ways to move money and other assets within Indons"ia and across borders that leave fewer traces.

¶15. (C) In a positive development, in late 2008, the government agreed o* launch a domestic review of the Indonesian nonpprofit sector as a result of recommendations fro the FATF-APG and the UN Counter Terrorism Committee Executive Directorate. The GOI is working with the UK Charity Commission on this effort with the intention of developing proposed new regulations to increase transparency and improve governance of non-profit organizations.

